Human Resource Update

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April 21, 2005

Compensatory Time For Travel

- **Definition:** Time spent in travel status between "official duty station" and temporary duty station or terminal when such time is not "otherwise compensable"
  - Includes "Usual waiting time" that precedes or interrupts travel
- **Exclusions**
  - Bona fide meal periods
  - Extended waiting time
    - Outside regular working hours
    - Employee free to rest/use for own purposes
  - Time in excess of Government preferred method of travel
  - "Normal commute" from home to official duty station

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Compensatory Time For Travel

- **Coverage**
  - GS/GM/Acquisition Demo Employees
  - Excludes SES and Wage Grade
  - Time not “otherwise compensated”
    - Regular Time
    - Overtime
    - Regular Comp Time
    - Holiday Pay

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Compensatory Time For Travel

- **Approval**
  - Follow normal procedures for requesting & approving Regular Comp Time
  - Provide itinerary, wait time, meal/commute time deductions & estimated hours
  - Adjust upon completion of travel
- **Recording**
  - Manual until DFAS system change projected for June
  - Code CB (earned) and CF (used)
  - 15 minute increments
  - No Maximum

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Compensatory Time for Travel

- **Forfeit**
  - Not used within 26 Pay Periods
  - Upon transfer to another agency
  - Separation from Federal service
  - Moves to non-covered position
    - No conversion to pay
- **Held in Abeyance**
  - Employees on Leave Without Pay (LWOP) who later return to duty following
    - Performance of duty in uniformed services
    - On-the-job injury to which entitled Workers Compensation
  - Must be used within 26 Pay Periods following return to duty

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Questions??

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Department of Defense
National Security Personnel System

Flexibility – Accountability – Excellence

www.cpms.osd.mil/nsps

How We Got Here

- November 2003, Congress granted DoD broad authority to establish a new human resources management system to support its critical national security mission
- Early 2004, DoD adopted acquisition management model for NSPS program
  - Program Executive Office established for design and implementation
  - Oversight and guidance from senior leadership
  - Partnership with OPM

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How We Got Here (Cont'd)

- Conducted over 100 Focus Groups and 50 Town Hall meetings worldwide
  - Gathered input from employees, supervisors, union officials, and HR practitioners
- Reviewed and considered data and reports from existing alternative personnel systems
  - DoD demonstration projects and other Federal agencies
- Held several meetings with DoD employee unions
  - Over 40 labor organizations
  - Shared interests and concerns
  - Discussed potential design options
  - Gathered input for system design

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How We Got Here (Cont'd)

- Convened six design working groups to develop options for senior leadership consideration
  - Input from numerous stakeholders
    - Employees
    - Unions
    - Managers
    - Public interest groups
    - Senior leaders
  - Included over 100 participants from DoD and OPM
  - HR experts, military members, line managers, and functional area experts (EEO, labor relations, legal, comptroller)

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How We Got Here (Cont'd)

- Senior leadership reviewed options and recommended a proposed system design
- Secretary Rumsfeld and OPM Director James approved proposed regulations
- February 14, 2005, Federal Register Notice issued for public review with comments due March 16, 2005

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Design Principles & Operational Requirements

Guiding Principles

1. **Put mission first – support National Security goals and strategic objectives**
2. **Respect the individual; protect rights guaranteed by law**
3. **Value talent, performance, leadership and commitment to public service**
4. **Be flexible, understandable, credible, responsive, executable**
5. **Ensure accountability at all levels**
6. **Balance HR interoperability with unique mission requirements**
7. **Be competitive and cost effective**

Key Performance Parameters

- **High Performing**: Employees/supervisors are compensated/retained based on performance/contribution to mission
- **Agile & Responsive**: Workforce can be easily sized, shaped, and deployed to meet changing mission requirements
- **Credible and Trusted**: System assures openness, clarity, accountability and merit principles
- **Fiscally Sound**: Aggregate increases in civilian payroll, at the appropriations level, will conform to OMB fiscal guidance; managers will have flexibility to manage to budget
- **Supporting Infrastructure**: Information Technology support and training and change management plans are available and funded
- **Schedule**: NSPS will be operational and demonstrate success prior to November 2009

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What NSPS Does Not Change

- Merit System Principles
- Rules against prohibited personnel practices
- Whistleblower protection
- Veterans Preference
- Benefits (retirement, health, life, etc.)
- Anti-discrimination laws
- Fundamental due process
- Allowances and travel/subsistence expenses
- Training
- Leave and work schedules
- Other personnel systems in law
- Lab Demo organizations (until FY 08)

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Regulation Strategy

Enabling Regulations
Detailed information on Labor Relations, Adverse Actions and Appeals
Broad Information in Other Areas

DoD Instructions
More Detailed Information on Compensation, Performance Management, Hiring, Shaping, and Employee Engagement

Component Instructions

Component-Specific Guidance

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NSPS Major Design Elements

Classification
- Pay architecture
- Job descriptions
- Occupational groupings

Pay/Compensation
- Market sensitive pay
- Performance-based pay
- Pay setting

Performance Mgmt
- Setting expectations
- Communicating/feedback
- Appraising performance
- Addressing poor performance

Hiring
- Hiring authorities
- Examining procedures

Reduction in Force
- Procedures for resizing organizations
- Defining competitive areas
- Factors for retention

Adverse Actions
- Dealing with performance and/or conduct problems
- Procedures for taking actions

Appeals
- Procedures for appealing adverse actions
- MSPB role

Labor Relations
- Collective bargaining rights
- Scope of bargaining
- Bargaining process
- Resolving labor disputes

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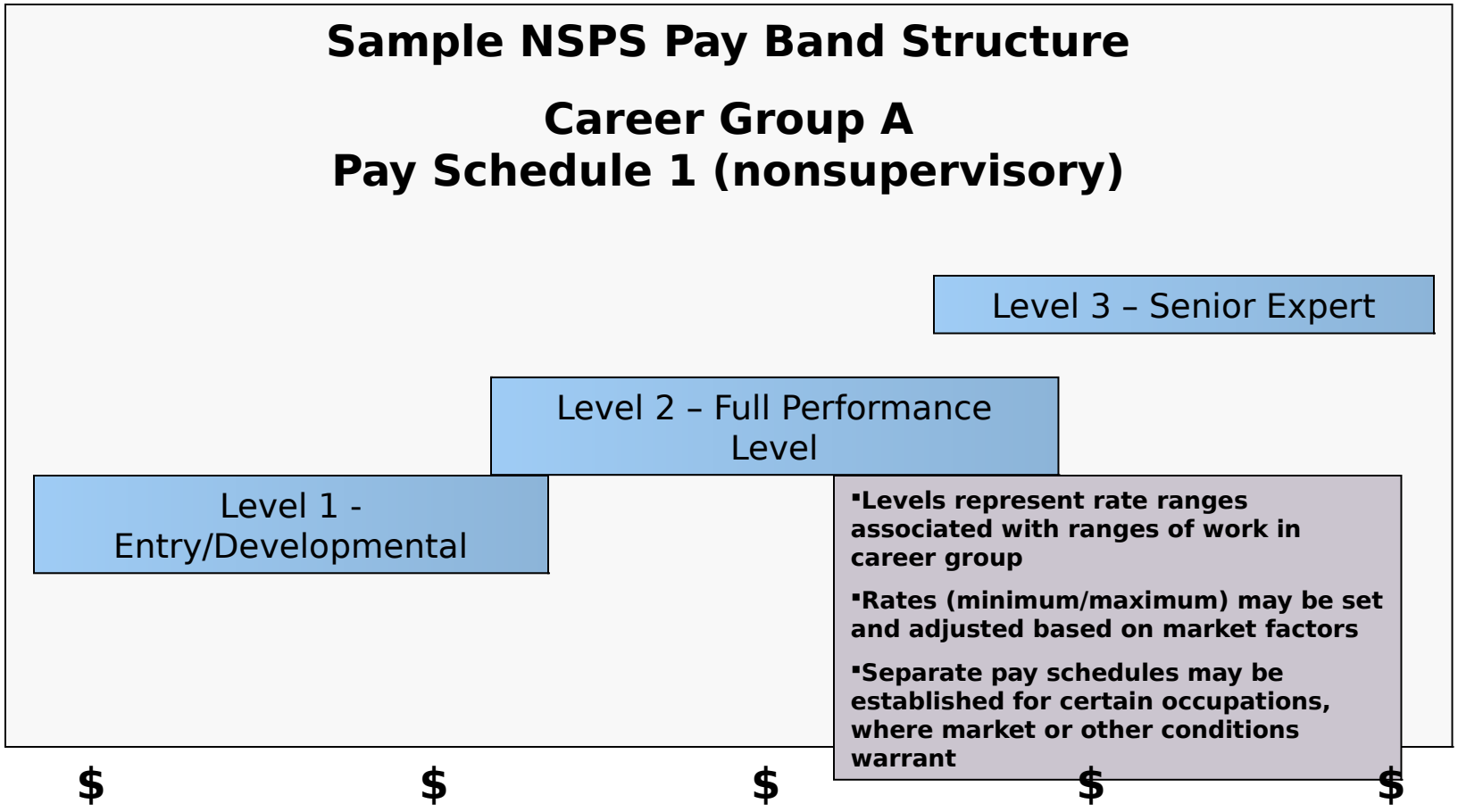
Pay Band Illustration


Sample NSPS Pay Band Structure
Career Group A
Pay Schedule 1 (nonsupervisory)
Level 3 – Senior Expert
Level 2 – Full Performance Level
Level 1 - Entry/Developmental
▪Levels represent rate ranges associated with ranges of work in career group
▪Rates (minimum/maximum) may be set and adjusted based on market factors
▪Separate pay schedules may be established for certain occupations, where market or other conditions warrant
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Other Regulatory Provisions

- Coordination with Office of Personnel Management
  - Actions impacting other Federal agencies or civil service as a whole
  - Examples: establishing career groups and pay bands; establishing new qualifications standards; setting maximum pay rates; setting pay ranges and local market supplements
- Continuing Collaboration
  - Include unions in further development of NSPS
  - Provide opportunity for unions to review and comment on draft proposals and discuss their views with DoD officials prior to issuance
  - Provide that union comments will become part of official record and considered prior to finalization of proposal
- Program Evaluation
  - Formal procedures required by regulations to assess and evaluate NSPS implementation
  - Provides opportunity for unions to participate in process

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Who is Affected by NSPS?

- NSPS Human Resources System (Pay, performance, hiring, RIF, adverse actions, and appeals provisions)
  - Vast majority of DoD employees eligible for coverage: initially apply only to selected General Schedule employees in Spiral One organizations Certain categories excluded (e.g., intelligence personnel, Defense Labs)
  - Employees in special pay/classification systems (e.g., wage grade) will be phased in later (not sooner than eighteen months)
- NSPS Labor Relations System
  - Applies to all employees and labor organizations currently covered by Chapter 71 of title 5
  - Will be implemented across entire Department when final regulations are effective

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Implementation Challenges

- **Changing culture from Entitlement to Performance**
  - Pay linked to performance
  - Performance evaluations to be measurable and tied to business results
- **Budgeting/Managing Costs**
  - Ensuring pay pool funds protected
  - Within-grade buyout funds availability
- **Technology**
  - Tools for documenting and tracking performance goals/pay models
  - Modifying IT systems for transition to NSPS
- **Training**

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NSPS Training

- **Target audiences**
  - Senior leaders, managers, and supervisors
  - Employees
  - HR and LR practitioners
  - Pay pool managers/administrators
- **Dual focus**
  - Functional training (NSPS system)
  - Change management (“soft skills”)
- **Learning objectives**
  - Foster a culture that focuses on results, values performance, rewards contributions, and promotes excellence
  - Educate employees about NSPS
  - Teach skills and behaviors necessary to implement and sustain NSPS

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Next Steps

- **Analyze and consider over 45,000 comments on proposed NSPS regulations**
- **Meet and confer period with employee unions (minimum of 30 days)**
  - Discuss differences; attempt to reach agreement
  - Assistance from Federal Mediation and Conciliation Service
- **Notify Congress of outcome of meet and confer (30 days)**
- **Finalize regulations; issue implementing issuances**

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Five Ways Employees Can Get Ready

1. Be proactive! Visit the NSPS web site regularly to stay up-to-date on the latest NSPS information

   www.cpms.osd.mil/nsps

2. Review your organization's mission and goals. Think about what you can do help achieve those goals
3. View this as a positive change. Make a difference!
4. Read the Federal Register Notice and comments were due March 16
5. Contact your local NSPS program office about local NSPS training

Stay informed!

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Five Ways Managers and Supervisors Can Get Ready

1. Reinforce organization's mission and goals
2. Help staff understand how their work contributes to achieving those goals
3. Visit NSPS website regularly to stay up-to-date on the latest NSPS information

   www.cpms.osd.mil/nsps
4. Host periodic formal and informal meetings to share what you know
5. Establish a peer network

Lead the way!

Questions ?

www.cpms.osd.mil/nsps

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Most Frequently Asked Questions

- Will employees lose pay under NSPS?
  - Employees will not lose pay upon conversion to NSPS; some will have a pay increase
- What happens to the January (general) pay adjustment (GPI)?
  - Funds will be paid out as a result of:
    - Performance payout process
    - Rate range adjustments
    - Local market supplements
    - Advancement in development positions
- What about the January 06 GPI for Spiral 1.1 employees?
  - Employees must have been under the new system long enough to be evaluated properly before GPI can be placed at risk – close to one year

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Most Frequently Asked Questions (Cont'd)

- What about within grade increases?
  - Under proposed regulations
    - Employees will receive a prorated buy-out for within grade increases when they are placed into the system
    - After that, those funds will become part of the monies available for performance payouts or the other increases mentioned above
- How will DoD insure the money is really paid out to the employees?
  - DoD is currently developing a financial policy to insure these funds are protected

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Most Frequently Asked Questions (Cont'd)

- Will veterans' preference for RIF and hiring go away?
  - NSPS preserves veterans' preference. The preference that veterans receive under the current system does not change under NSPS
- Will seniority and veterans' preference count in the event of a reduction in force (RIF)?
  - Seniority is still a factor in RIF.
  - Veterans' preference eligibles are still retained over non-veterans in RIF
  - Greater emphasis on performance in RIF retention
  - Performance ahead of length of service
    - Tenure group
    - Veterans' preference
    - Performance
    - Length of service

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Most Frequently Asked Questions (Cont'd)

- Will there be a process for employees to challenge their performance rating?
  - Reconsideration process in implementing issuances
  - Will be a separate reconsideration process that will afford every employee an opportunity to seek appropriate redress
- Will there be a process where employees can exercise their fundamental rights to grieve or appeal unfair decisions or adverse actions?
  - Employees will continue to retain critical rights such as merit systems principles, due process, whistleblower protections, and protection against prohibited discrimination and prohibited personnel practices.

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Most Frequently Asked Questions (Cont'd)

- Is the proposed appeal system an impartial process?
  - It retains MSPB administrative judges as initial adjudicators of employee appeals and adverse actions
  - Employees retain right to petition full MSPB for review of the record of a final DoD decision
- Will DoD continue to have bargaining units and employee unions?
  - The implementation of the NSPS labor relations system will not eliminate unions or bargaining units. Employees will still be able to participate in labor organizations and to bargain collectively.

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Benefits of Proposed NSPS

- Proposed HR system provides greater flexibility to respond effectively to mission needs, while fostering excellence and ensuring accountability
- Employees will have greater opportunity to affect their pay through excellent performance
  - Pay increases based on performance and/or contribution to mission success; clear performance expectations linked to strategic Department goals and objectives
  - Safeguards built into performance appraisal process to promote fairness, transparency, and accountability
- Managers will be able to recruit/retain high quality talent more effectively
  - Ability to offer more competitive, market-sensitive compensation
  - Ability to fill jobs faster with streamlined hiring processes

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Notice and Comment Information

- The proposed NSPS regulations are subject to change, based on consideration of formal comments received during the comment period and the results of the meet and confer process with employee representatives; decisions on NSPS are not final until final regulations are published (targeted for late spring)
- Individuals were encouraged to read the full text of the proposed regulations and provide comments and/or recommendations on the proposal
- The 30-day comment period was the opportunity to submit formal comments on the regulations; comment period ended March 16, 2005

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Back-up Slides

Classification

- New pay banding system simplifies job classification process and provides flexibility to assign work amidst changing mission requirements and new technologies
- Simplified structure replaces General Schedule system
- Positions grouped in broad career groups and pay schedules based on nature of work, mission, career patterns, competencies
- Pay bands replace GS grades with broad salary ranges, based on level of work (e.g., entry level, full performance level, supervisor)
- Pay bands provide more flexibility to assign employees new or different work
- Lengthy, detailed job descriptions no longer needed
- Movement through pay band based primarily on performance/contribution, increased responsibility or job complexity

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Pay/Compensation

- The proposed pay system is intended to attract, develop, retain, and reward high-performing employees through appropriate compensation
- Regulations provide framework for DoD to move towards market sensitive pay
  - Consideration of local market conditions to set pay band rates
  - Market factors taken into account on setting pay for new hires
- Annual performance pay increases
  - Based on performance/contribution, rather than longevity
  - Larger increases to outstanding performers
  - Increases not given to unacceptable performers
- Adjustments to rate ranges determined by Secretary – increases associated with rate range adjustments not given to unacceptable performers
- Greater flexibility in pay setting upon promotion, reassignment, etc.

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Performance Management

- The NSPS proposed performance management system is designed to foster a high-performing culture, encourage employee engagement and robust communication, and enhance the overall effectiveness of the Department
- Cornerstone of a successful performance-based pay system
- Supervisors work with employees to establish performance goals and expectations, aligned with mission-related goals
- Recognition of conduct (behavior, professional demeanor) as an element of performance
- Ongoing feedback and communication between supervisor and employees
- Intense training planned (employees, supervisors, managers, HR community)
- Ratings reflect meaningful distinctions in employee performance (no forced distribution or quotas)
- Formal process to be established to challenge ratings

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Hiring/Staffing

- NSPS proposal provides flexibilities to improve hiring processes, attract high-quality applicants, and enable DoD to meet critical mission requirements, while respecting principles of merit and fitness, and preserving veterans' preference
- DoD, with OPM, may establish new hiring authorities, tailored to DoD's needs
- No change in veterans' preference
- Government-wide hiring authorities and tools retained
- Direct-hire authority for severe shortage or critical needs vested in Secretary
- Opportunity to improve, streamline examining procedures to speed up the hiring process

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Reduction in Force

- Proposed reduction in force (RIF) changes designed to streamline the procedures used to shape organizations
- No change in veterans preference for RIF
- Simplified RIF process
  - Greater precision in defining competitive areas and retention lists (based on organization, location, line of business, or other business related factors)
  - Flexibility to minimize disruption associated with RIF
- Greater emphasis on performance (over seniority) in RIF

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Adverse Actions

- Proposed changes designed to recognize need for workplace accountability, provide efficient tools for dealing with performance and conduct issues, and protect rights of employees
- Single process for taking adverse actions based on performance and/or conduct
- Streamlined 15-day notice/10-day reply period
- Ensures due process
- Allows Secretary to designate Mandatory Removal Offenses (MROs)
  - Proposed regulations provide Secretary authority to establish MROs, but do not specify offenses
  - Recognizes potential need to identify list of offenses so egregious as to warrant mandatory removal, reserving authority to mitigate penalty to Secretary only
  - Development and publication of MROs would include input from employee representatives

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Appeals

- NSPS proposal provides for streamlined, efficient appeals process that provides deference to DoD's critical national security mission, while preserving employee protections and due process
- Expedited appeals process, using MSPB administrative judges (AJ), with improved procedures
  - Filing deadline for appeals reduced to 20 days
  - Summary judgment provided for when facts not in dispute
  - Initial decision must be rendered within 90 days
- Provides for DoD review of decisions
  - DoD has 30 days to review initial decision (or it becomes final)
  - DoD may remand, modify, affirm, or reverse initial decision, based on stringent criteria
  - Final DoD decisions (including AJ decisions that become final) may be appealed to full MSPB, which retains limited review authority
- Single burden of proof standard: preponderance
- Mitigation by MSPB permitted only when penalty is wholly without justification
- Judicial review retained

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Labor Relations

- New proposed labor relations system designed to recognize DoD national security mission and its need to act expeditiously in executing its mission, while preserving collective bargaining rights of its employees
- Proposal expands non-negotiable management rights (to include determining numbers, types and grades of employees, methods, technology and means of performing work)
  - Prohibits bargaining over procedures in exercising core management rights, but management will consult with unions (consideration of union views & recommendations; but agreement not required)
  - DoD and Component-wide issuances (e.g., directives, policies, manuals) non-negotiable
  - Provides for bargaining over procedures in exercising other management rights (e.g., layoffs, RIF, selection or promotion procedures, disciplinary actions), but do so prospectively (post-implementation)
  - Expedited collective bargaining with impasse resolution
  - Nothing delays management's ability to act to accomplish mission
- Bargaining required over changes to conditions of employment, when change is foreseeable, substantial, and significant in impact and duration
- National level bargaining (bargain the same issue once with all national unions) at the discretion of the Secretary
- Establishes National Security Labor Relations Board to resolve DoD labor disputes

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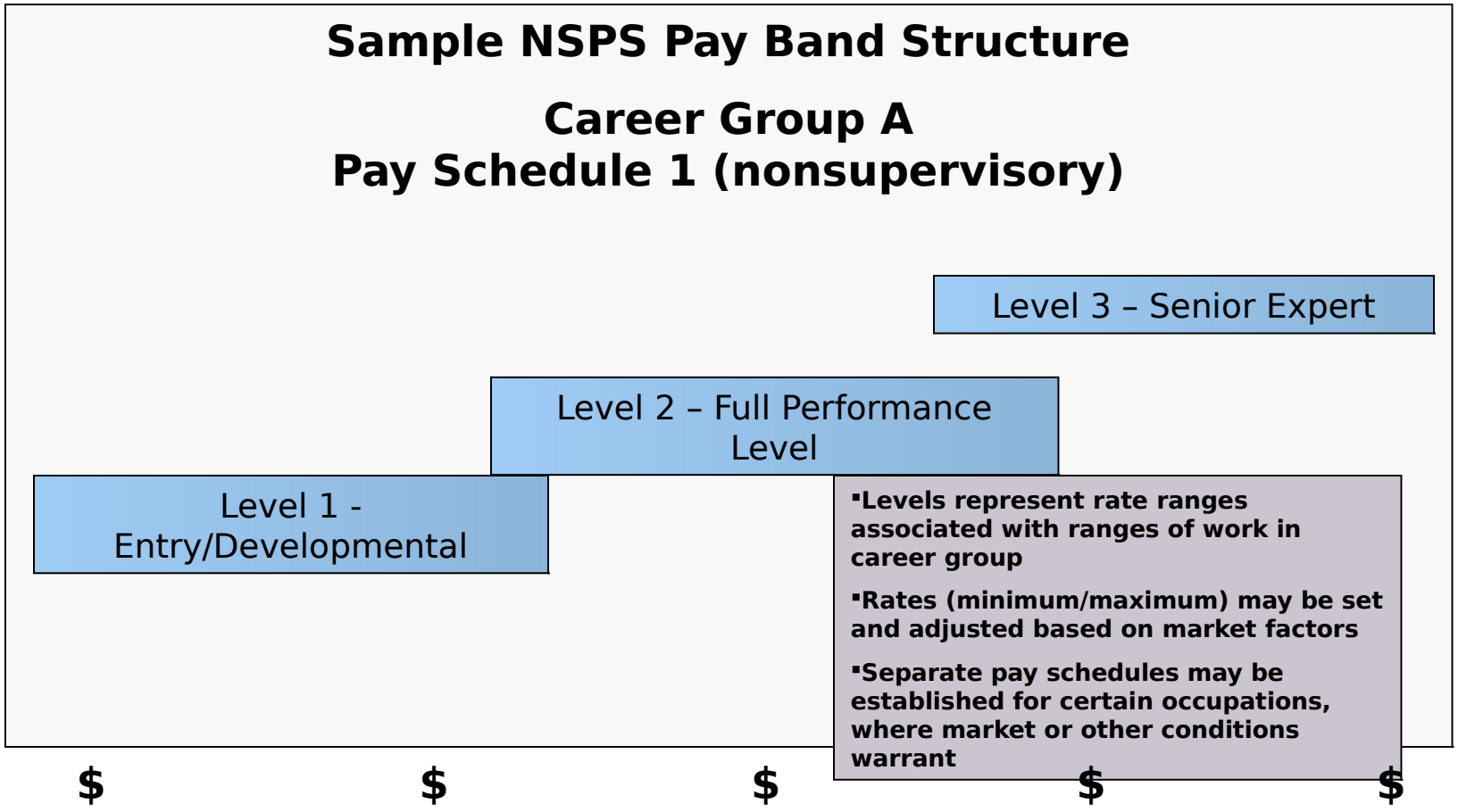
Pay Band Illustration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Merit Systems Protection Board vs. DoD Appeals Process

Current MSPB Process

30 days to appeal	**Appeal action**
No time limit	**AJ Decision**
35 days to file PFR	**PFR to MSPB**
No time limit*	**MSPB**
60 days to appeal	**Appeal to Court**
No time limit	**Court of Appeals**

*Board is required to decide on actions involving discrimination within 120 days.

MSPB

DoD

** DoD action – serve notice in 30 days to:

- Remand
- Affirm
- Reverse
- Modify

Limited Review

Proposed DoD Appeals Process

Appeal action	20 days to appeal
MSPB AJ Decision	90 days to decide
RFR to DoD & MSPB	30 days to file RFR
DoD action**	30 days to act or not
MSPB (PFR)	90 days to decide
Appeal to Court	60 days to appeal
Court of Appeals	No time limit

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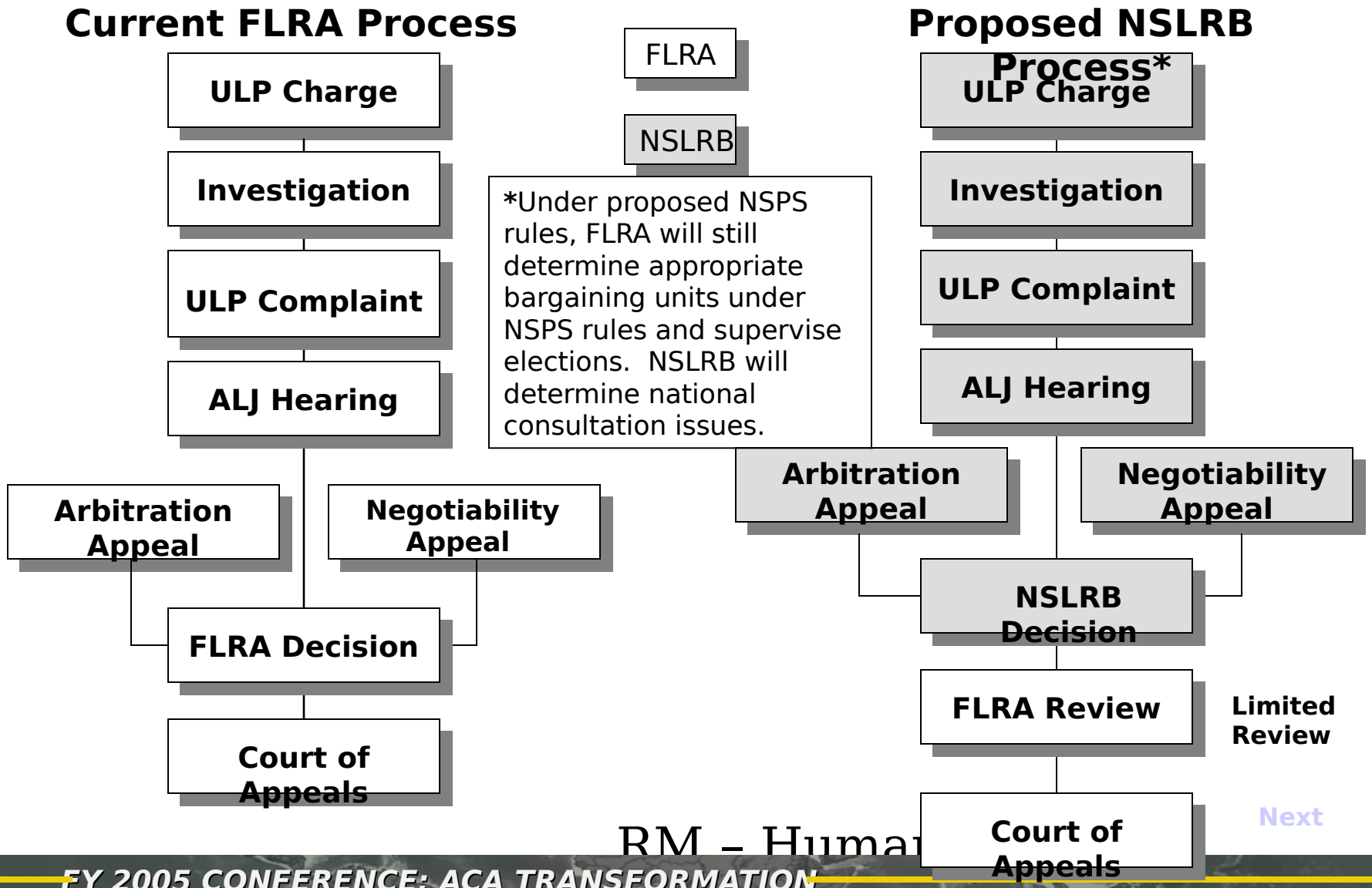
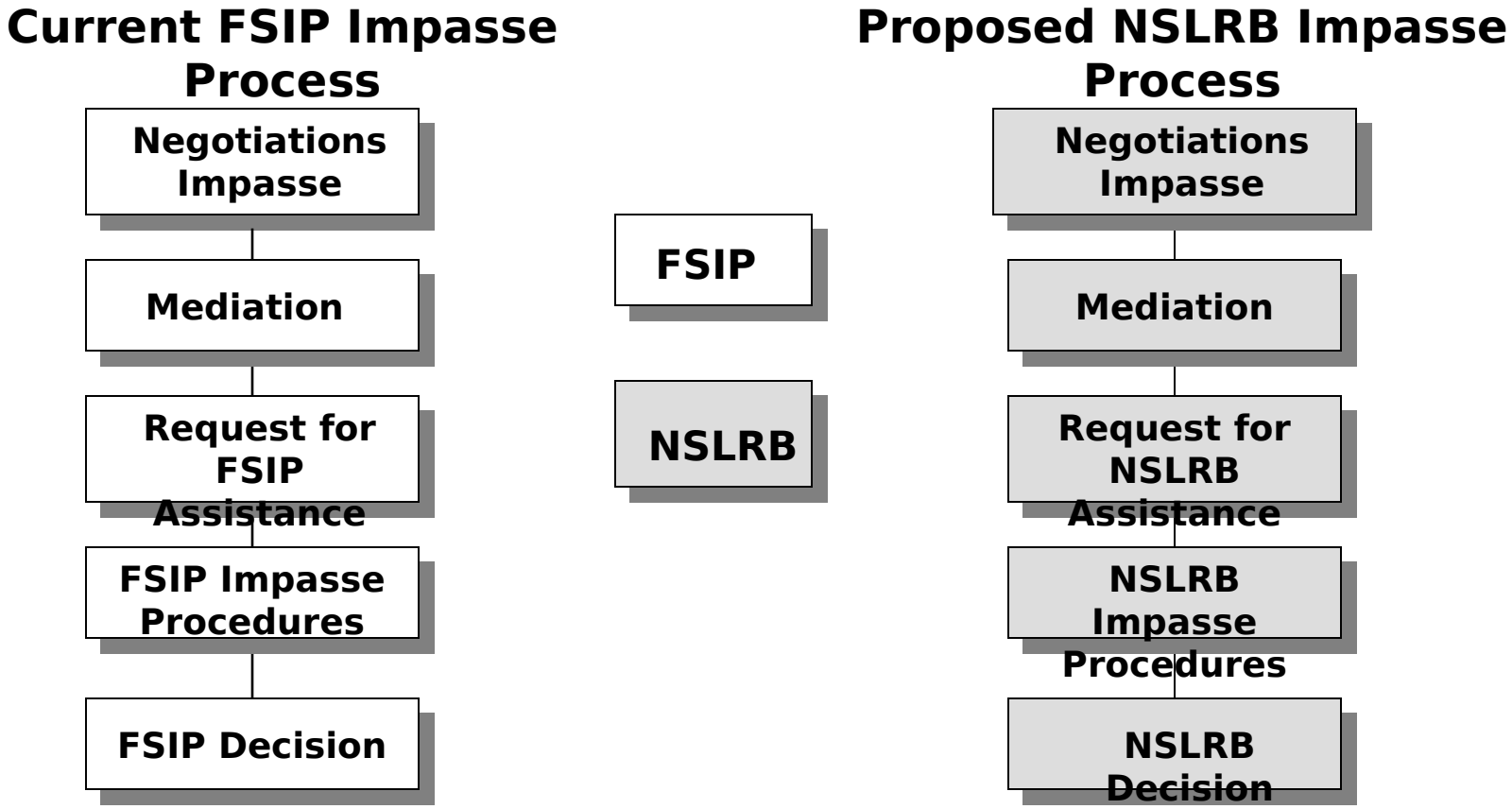
Back

Federal Labor Relations Authority vs. National Security Labor Relations Board



Federal Service Impasses Panel vs. National Security Labor Relations Board



Back

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